



International Commerce & Mobility Forum

28 September 2023

ICM Forum #4

Date: Thursday, September 28, 2023

Format: Hybrid (SRF Consulting Group offices and via Zoom)

Attendees: Over 80

Purpose of the Meeting: To discuss and share insights on transportation, logistics, and economic growth within the context of the ICM Forums, involving public-private-academic sector contributions.

Key Discussion Points:

- Introductory remarks on problem-solving and regional improvement.
- Emphasis on regional and state enhancement.
- International freight logistics and the initiation of a study by the MAC.
- Highlighting federal infrastructure initiatives/funds for transportation, logistics, and economic growth,
- Study on international cargo-only air service at MSP.
- Insights on MnDOT's Freight Network Optimization Tool development.
- Findings on supply chain competitiveness and air freight's significance in the MSP region.
- Focus on transportation/supply chain emissions reduction.
- Vision for positioning Minnesota in a global context and the importance of infrastructure.
- Perspective on the significance of air transportation for regional Med-Tech business.
- UK-Midwest port collaboration and future planning funded by U.K. Government.

Notable Contributions:

- **Jim Hovland** (Chair, Global Wellness Connections): Emphasized the importance of actionable problem-solving in regional development.
- **Andy Mielke** (Vice President, SRF): Highlighted the necessity of addressing regional challenges.
- **Bill Goins** (Vice President, GWC, Commerce Mobility): Led discussions on logistics and the new study initiative.
- **Dr. John Pournoor** (CEO, Government Analytica): Discussed in detail federal infrastructure initiatives/funds available for transportation, logistics, and economic growth.
- **Brian Peters** (Director, Air Service Development, MAC): Announced a study to assess demand for cargo-only air service.
- **Andrew Andrusko** (Freight Planning Director, MnDOT): Discussed development of a new Freight Network Optimization Tool.
- **Kristin Guild** (Director, Business Bridge, Greater MSP): Presented on supply chain competitiveness in the MSP region.
- **Charles Edwards** (Vice President, Strategic Aviation Solutions International): Focused on reducing emissions in transportation.
- **David Loehr** (Architect, DLR Group): Advocated for global positioning and infrastructure importance.



- **Mike Loney** (Senior Distribution Manager, Abbott Medical): Emphasized air transportation's role in medical logistics.
- **Jan Bauer** (Consul, UK Government Office - Minnesota): Updated on UK-Midwest port collaboration.

Next Steps:

- Proceed with the MAC study on international cargo-only air service.
- Continue development and legal review of MnDOT's Freight Network Optimization Tool.
- Further analyze supply chain competitiveness and explore expansion limitations at MSP Airport.
- Monitor and support initiatives for emissions reduction in transportation and logistics.
- Facilitate ongoing discussions and collaborations between UK and Midwest ports.

Next Meeting Details:

- **Date:** Late Q4 2023 or Q1 2024
- **Time:** 3-5 PM
- **Location:** SRF Consulting Group

Closing Notes: Appreciation was expressed for the contributions and insights from various sectors, emphasizing the collaborative effort required for regional growth and development.



Detailed Meeting Notes

INTERNATIONAL COMMERCE MOBILITY, (ICM), FORUM #4
Thursday, September 28, 2023
SRF Consulting Group offices and via Zoom

Recap/summary of this Forum: Many thanks again to all presenters and contributors. Without the engagement of our strategic thought leaders from the public-private-academic sectors, we would not be successful with this “platform” called ICM Forums.

For your information, this is the final agenda from September 23rd:

Jim Hovland - Chair of Global Wellness Connections, Mayor of Edina, and highly recognized regional leader, introduced the session.

Jim Hovland mentioned the site selection committee of International Rotary which is looking at downtown, Minneapolis, and today they met in Edina. They heard from Marilyn Carlson Nelson who recalled going to church in downtown because her dad wanted her to attend a downtown church. She recalled saying she didn't want to go to Sunday School there because of problems in the Sunday School classroom. Her dad said, “just fix it,” and with the help of Church leadership, they fixed the problems, rather than just talking about them. This story has lessons for all of us. We have a lot of problems in this region that needs fixing!

Andy Mielke - Vice President of SRF

Andy Mielke covered the necessary housekeeping items, particularly given that this session is both virtual and in-person. Andy Mielke provided some of his insight based on what we all have been through over the last several years, we know that we have a lot that needs fixing as Jim Hovland talked about. So, let's get to it and make this a better Region and State!

Bill Goins - Organizer of the ICM Forums and Vice President of Global Wellness Connections, (GWC), Commerce Mobility

Bill Goins recalled that the ICM Forums started with a key question: how much international freight is going by truck to Chicago for global distribution? That is still the key question, as we learn more and more about the logistics involved. Bill Goins started a round of introductions of people online and in-person.

Dr. John Pournoor - CEO, Government Analytica

Dr. Pournoor delivered our lead presentation titled: Transportation, Logistics and Minnesota Economic Growth

Among the many targets of the Infrastructure Bill, regarding Airports and Ports, Roads and Bridges, Climate Change and the impacts on transportation/supply chains are included. The President of the USA said that supply chains need to be resilient and secure, which is not really true today. Secure and resilient supply chains ensure our economic prosperity and our security as well. He mentioned a grant program run by the EPA which is oriented to climate change, with applications being due in April of 2024. He mentioned several other projects, including the electrical grid, a fast passenger service to the Gulf Coast, better use of waterways in the US, improvements to airports in the US, seaports, and bipartisan infrastructure law projects.

As provided during Dr. Pournoor's presentation, here is a link to our tracking page for infrastructure projects stemming from federal transportation, logistics, and supply chain funding:



https://insights.governmentanalytica.com/us_supply_chains

Brian Peters - Director, Air Service Development and the Metropolitan Airports Commission
Brian Peters stated his comments by highlighting that we have been asking the question regarding “the trucking of international air freight/commerce to Chicago...and how much is there?” for several years. The MAC is going to fund a study that gets directly at this question. Brian expects to have an RFQ in the public domain in the next month and anticipates the RFQ process to be complete in early 2024 and work to begin as early as March 2024 (pending final approval of MAC’s 2024 budget). Brian emphasized the need for broad support and participation of the International Commerce Mobility Community to ensure the study is successful determining if sufficient demand exists to justify nonstop international cargo-only air service to/from MSP.

(Bill Goins called for a round of applause for the MAC undertaking this study).

Bill Goins discloses that a Unique Project application is being made to the TAB at the Metro Council for federal funds that would contribute to the subject of resiliency, sustainability and equity in improving the supply chain/transportation options for this Region/State. This would be long-term funding and if the application is approved, might be available as early as the summer of 2025.

Andrew Andrusko - Freight Planning Director at MnDOT

Andrew Andrusko started his comments with the thought that things have taken a long time to develop the scope of work for a new novel Freight Network Optimization Tool that would align with the requirements that the State Legislature had directed in 2021. MnDOT is working on key technical and legal issues and a legal review with the Minnesota Department of Information Technology as required under state statutes. MnDOT is hopeful to have the request for proposals for the FNOT published in the next month or so dependent on the legal approvals.

Additionally, MnDOT recently met with Andrew Petrisin, the Biden Administration’s Supply Chain Advisor and provided feedback on a potential new national freight model that USDOT may develop. Together we are hopeful that this national model can provide opportunities for increased information sharing on freight movements and opportunities in our region.

Kristin Guild - Director of the Business Bridge, Greater MSP

Kristin Guild introduced the supply chain competitiveness study in the context of the MSP Region’s Comprehensive Economic Development Strategy, developed by GREATER MSP in partnership with the Met Council and the Center for Economic Inclusion. This strategy document identifies our region’s sectors of strength and action areas including supply chain. A key study finding for supply chain competitiveness and resilience is that, despite re-shoring and near-shoring trends, supply chains remain very global. This means that transportation and multiple modes and options are critical. Kristin showed a chart of multi-modal commodity freight options illustrating the importance of all modes for different commodities, with truck transport used across all sectors, and primarily electronics and precision instruments (med-device) utilizing air transport.

Findings related to air freight specifically include stakeholder reports on the value of MSP International Airport as a business asset, including the Delta hub, multiple other carriers, international direct flights, and multiple freight handlers. Two notes from the consultants: 1) the MSP Airport has limited land available for expansion purposes in the future, and 2) Delta has untapped lower-deck capacity for freight and more freight capacity than when Northwest Airlines operated cargo-only aircraft, due to the increase in routes and flights.



Kristin ended with a brief summary of Federal resources, noting the new Federal focus on supply chain for multiple grant sources, \$1.17M in new Economic Development grant dollars secured to date and other Federal applications pending for CHIPs and TechHubs, and the \$400M in new State matching dollars allocated to match Federal economic development investments.

Bill Goins stated that Kristin's slide on Air Transportation goes directly to the key question that started these ICM Forums.

Lee Munnich asked a question about "limited land" at the airport. Brian Peters responded in confirming that there are approximately 17 acres, and the MAC believes the current available geography will support this Region well into the future.

Kingshuk, (KK), Sinha - Prof. & Chair, Supply Chain & Ops Dept., Carlson School of Management, University of Minnesota, provided some excellent thoughts on the needs of this Community to develop and have educated supply chain leaders for today and into the future.

KK Sinha stated that the University can help educate and ensure the best supply chain leaders are prepared to utilize the transportation/supply chain options and develop the right decisions in the public and private sector.

Donna Mullins - Vice President, Kale Solutions Inc.

Donna Mullins presented the case for making modifications to the movement of air freight through technology and cited the work being done at JFK Airport in New York to lower emissions. Companies and airports that have experimented with this, have saved a lot of money, along with developing lower emissions.

Bill Goins added that this is one excellent example that has huge implications for long-term cost and environmental change.

Charles Edwards - Vice President, Strategic Aviation Solutions International

Charles Edwards started his presentation with the statement that most companies have made a public commitment to reduction in transportation/supply chain emissions. This is key to their meeting and accomplishing environmental goals. Emissions happen up and down the value chain, including packaging materials. So for the first time, companies are trying to understand their supply chains in much greater detail, including how much emissions are being caused by them, in order to get to "pragmatic solutions." The employment of Airport Cargo Community Systems (ACCS) will lead to reductions in the dwell time of trucks, air cargo speed increases, and improvement in the productive capacity of cargo terminals. Not to mention, this can lead to better compliance with new environmental regulations and requirements as illustrated in the emissions reduction table. If all this works, truck emissions should go down. And of course, there are savings in fuel too.

David Loehr - architect and Principal at DLR Group

David Loehr said he knows KLM is working on changes that add up to big savings. David then moved to his slides, starting with Bold Thinking — positioning Minnesota in the 21st century. This elevates Minnesota. We cannot afford to underestimate the power of a connected world. He recited some key stats that confirm that the metro area in particular is ahead in many areas. We rank by world standards. In the recent competition, we stressed the ability to inspire, centered on the med-tech industry. In a way, our state was competing against whole countries. We had this competition during the pandemic and right afterward, stressing that we need to be ready for the next pandemic. David Loehr talked



about our reliance on auto transportation as being a negative. It is not very equitable. People in competing countries have more transportation choices than we have. He pointed to Atlanta, Miami, Boston as areas working on infrastructure. The airports are very important; Atlanta has one of the best and busiest in the world. So some of our success will turn on our attitudes and commitment to understanding the changes going on in the world.

Bill Goins said this was the reason that GWC started, with a meeting in Memphis in June, 2018 where strategic thought leaders from this Region were discussing what we needed to do to be competitive in a changed and changing world.

Mike Loney - Senior Distribution Manager, Abbott Medical, Roseville, (which has the largest medical device logistics center in the State of Minnesota that we are aware of)

Mike Loney started that the local Abbott team has a continuous global impact, processing millions of units — about half for international destinations and about half for national consumption. Air transportation is very important for the reasons of their product being of mostly high value and time-sensitive.

Mike Loney has offered to open the Abbott Distribution Center for another tour, (Mike conducted one for several attending the ICM Forums, in November 2022), yet this fall for a maximum of 10 people. Mike has also offered to hold another tour for 10 people in the New Year. We will be providing further details, including date/time, in the next couple of weeks.

Jan Bauer - Consul, UK Government Office - Minnesota

Following the wider bilateral meeting on 6 Sept 23, Port leaders requested private Port to Port discussions to gain a better understanding each other's operations, strengths and product flows. The ports are working to identify current clients (exporters) that already have goods flowing between the UK and Midwest US to approach and generate interest in moving some of their flow via the SLS. Port leaders will be bringing their suggested list to the next meeting to discuss further. With a mission to the UK planned for the last week in February 2024, the goal is to have the delegates identified by the end of November.

Next ICM Forum — ICM, Forum #5

December 7, 2023, 3-5PM, at SRF Consulting Group....(thanks again SRF for hosting!)

A "hold the date" meeting invitation will be sent out for your calendars to hold this date and time.

Please note: Many thanks again to Curt Johnson for his excellent note taking!



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